Series : EFGH/S

Set – 4

प्रश्न-पत्र कोड Q.P. Code	**92/S**

रोल नं.
Roll No.

परीक्षार्थी प्रश्न-पत्र कोड को उत्तर-पुस्तिका के मुख-पृष्ठ पर अवश्य लिखें।
Candidates must write the Q.P. Code on the title page of the answer-book.

वित्तीय बाज़ार परिचय

INTRODUCTION TO FINANCIAL MARKETS

*निर्धारित समय : **2** घण्टे* *अधिकतम अंक : **50***

*Time allowed : **2** hours* *Maximum Marks : **50***

- कृपया जाँच कर लें कि इस प्रश्न-पत्र में मुद्रित पृष्ठ **19** हैं।
- प्रश्न-पत्र में दाहिने हाथ की ओर दिए गए प्रश्न-पत्र कोड को परीक्षार्थी उत्तर-पुस्तिका के मुख-पृष्ठ पर लिखें।
- कृपया जाँच कर लें कि इस प्रश्न-पत्र में **21** प्रश्न हैं।
- **कृपया प्रश्न का उत्तर लिखना शुरू करने से पहले, उत्तर-पुस्तिका में यथा स्थान पर प्रश्न का क्रमांक अवश्य लिखें।**
- इस प्रश्न-पत्र को पढ़ने के लिए 15 मिनट का समय दिया गया है। प्रश्न-पत्र का वितरण पूर्वाह्न में 10.15 बजे किया जाएगा। 10.15 बजे से 10.30 बजे तक परीक्षार्थी केवल प्रश्न-पत्र को पढ़ेंगे और इस अवधि के दौरान वे उत्तर-पुस्तिका पर कोई उत्तर नहीं लिखेंगे।
- Please check that this question paper contains **19** printed pages.
- Q.P. Code given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains **21** questions.
- **Please write down the Serial Number of the question in the answer-book at the given place before attempting it.**
- 15 minute time has been allotted to read this question paper. The question paper will be distributed at 10.15 a.m. From 10.15 a.m. to 10.30 a.m., the candidates will read the question paper only and will not write any answer on the answer-book during this period. #

General Instructions :

(i) *Please read the instructions carefully.*

(ii) *This question paper consists of **21** questions in **two** Sections : **Section A** and **Section B**.*

(iii) ***Section A** has Objective Type Questions, whereas **Section B** contains Subjective Type Questions.*

(iv) *Out of the given (5 + 16) = 21 questions, a candidate has to answer (5 + 10) = 15 questions in the allotted (maximum) time of 2 hours.*

(v) *All questions of a particular section must be attempted in the correct order.*

(vi) ***Section A** : Objective Type Questions (24 marks) :*

- *(a)* *This section has **5** questions.*
- *(b)* *There is no negative marking.*
- *(c)* *Do as per the instructions given.*
- *(d)* *Marks allotted are mentioned against each question/part.*

(vii) ***Section B** : Subjective Type Questions (26 marks) :*

- *(a)* *This section has **16** questions.*
- *(b)* *A candidate has to do **10** questions.*
- *(c)* *Do as per the instructions given.*
- *(d)* *Marks allotted are mentioned against each question/part.*

SECTION A

(Objective Type Questions) **(24 Marks)**

1. Answer any ***4*** out of the given ***6*** questions on Employability Skills. *4×1=4*

(i) Which of the following is an example of non-verbal communication ?

- (A) Expression
- (B) Interpersonal communication
- (C) Written communication
- (D) Public communication

(ii) It can harm our emotional and physical health and limit our ability to function well at home, in school and within our relationships. Identify this term.

(iii) Which of the following is ***not*** an example of strength ?

(A) I am good at creative writing.

(B) I am confident of speaking in front of an audience.

(C) I play the guitar very well.

(D) I would like to speak English fluently.

(iv) To move an item, you need to click it and then holding the mouse button down, move the item to a new location. After you move the item to the new location, you release the mouse button. This is called :

(A) Double click

(B) Roll over or Hover

(C) Drag and Drop

(D) Point and Click

(v) Entrepreneurs make profits through activities that benefit society. Some entrepreneurs work towards saving the environment, some give money to build schools and hospitals. This way, the people and areas around them become better. Which of the following role is performed by entrepreneurs here ?

(A) Fulfil customers' needs

(B) Use of local materials

(C) Help society

(D) Creating jobs

(vi) An environmentally friendly way for production of power is using solar energy or energy from the sun which is _____.

(A) limited (B) unlimited

(C) lessor (D) renewable

2. Answer any ***5*** out of the given ***6*** questions. *5×1=5*

(i) The term 'debenture' is used for instruments issued by the _____.

(A) Government (B) Public Sector Organisation

(C) Private Corporate Sector (D) RBI

(ii) Which of the following is ***not*** considered as the power of SEBI ?

(A) Regulating the business in stock exchanges and any other securities markets

(B) Registering and regulating the working of stock brokers, sub-brokers, etc.

(C) Regulating the foreign currency management

(D) Promoting and regulating self-regulatory organisations

(iii) It finalises the list of eligible allottees after deleting the invalid applications and ensures that the corporate action for crediting of shares to the demat accounts of the applicants is done and the dispatch of refund orders to those applicable are sent. Who is it ?

(A) Custodian (B) Depository Participant

(C) Merchant Banker (D) Registrar

(iv) _____ refers to the periodic interest payments that are made by the borrower (who is also the issuer of the bond) to the lender (the subscriber of the bond).

(A) Maturity (B) Coupon

(C) Principal Amount (D) Yield

(v) Which of the following is ***not*** traded on exchange ?

(A) Futures Contract (B) Forward Contract

(C) Options Contract (D) Commodity Derivatives

(vi) These funds invest in companies spread across sectors. These funds are generally meant for risk-averse investors who want a diversified portfolio across sectors.

(A) Sector Fund (B) Equity or Growth Fund

(C) Diversified Fund (D) Index Fund

3. Answer any ***5*** out of the given ***6*** questions. *5×1=5*

(i) Fixed deposits with banks, small saving instruments with post offices, insurance/provident/pension funds, etc. or securities market related instruments like shares, bonds, debentures, etc. are examples of :

(A) Current Assets (B) Financial Assets

(C) Real Assets (D) Physical Assets

(ii) The group of market participants that collectively facilitates interaction between investors and issuers is known as _____.

(A) Regulators (B) Custodians

(C) Bankers (D) Intermediaries

(iii) Which statement is ***not*** correct about the role of SEBI in an issue ?

(A) Any company making a public issue or a listed company making a rights issue of value of more than ₹ 50 lakh is required to file a draft offer document with SEBI for its observations.

(B) The validity period of SEBI's observation letter is three months only, i.e. the company has to open its issue within three months period.

(C) SEBI mainly scrutinises the issue for seeing that adequate disclosures are made by the issuing company in the prospectus or offer document.

(D) SEBI also recommends issues and takes any responsibility for the financial soundness of any scheme or the project for which the issue is proposed to be made.

(iv) *Statement I* : Bond is a negotiable instrument evidencing indebtedness.

Statement II : Bond is normally unsecured.

(A) Statement I is false, but Statement II is true.

(B) Statement I is true, but Statement II is false.

(C) Both Statements I and II are false.

(D) Both Statements I and II are true.

(v) The quality of asset underlying a contract can vary at times under which derivatives ?

(A) Commodity Derivatives (B) Financial Derivatives

(C) Currency Derivatives (D) Stock Option

(vi) Write the formula of Interest Coverage Ratio.

4. Answer any ***5*** out of the given ***6*** questions. *5×1=5*

(i) _____ is a product whose value is derived from the value of one or more basic variables called 'underlying'.

(A) Stock (B) Debt instrument

(C) Derivative (D) Mutual Fund

(ii) What is a Portfolio ?

(iii) Two statements are given below. They are Assertion (A) and Reason (R). Read both the statements carefully and choose the correct option.

Assertion (A) : Secondary markets enable price discovery of traded securities.

Reason (R) : Secondary markets provide liquidity and marketability to existing securities.

Options :

(A) Both (A) and (R) are true and (R) is the correct explanation of (A).

(B) Both (A) and (R) are true, but (R) is ***not*** the correct explanation of (A).

(C) (A) is true, but (R) is false.

(D) (A) is false, but (R) is true.

(iv) Electronic holdings can be converted into physical certificates. This process is known as _____.

(A) Dematerialisation (B) Rematerialisation

(C) Materialisation (D) Documentation

(v) Under the SEBI (Buy Back of Securities) Regulations, 1998, a company is permitted to buy back its shares from _____.

(i) Existing shareholders on a proportionate basis through the offer document

(ii) Open market through stock exchanges using book building process

(iii) Shareholders holding odd lot shares

Choose the correct options :

(A) (i) and (iii) (B) (ii) and (iii)

(C) (i) and (ii) (D) (i), (ii) and (iii)

(vi) _____ is a part of subscribed capital which has been called-up by the company for payment.

(A) Called-up capital (B) Subscribed capital

(C) Issued capital (D) Authorised capital

5. Answer any ***5*** out of the given ***6*** questions. *5×1=5*

(i) Which one of the following factors does ***not*** govern the interest rates ?

(A) Demand for Money (B) Supply of Money

(C) Rate of Return (D) Inflation Rate

(ii) According to the Companies Act, 2013, an offer to subscribe to securities made to not more than 50 persons is called a _____ of securities.

(A) Private placement (B) Rights issue

(C) Public issue (D) Follow-on-issue

(iii) NSE is the first exchange in the world to use satellite communication technology for trading. Its trading system is called :

(A) FLIP (B) ODIN

(C) BLOT (D) NEAT

(iv) Two statements are given below. They are Assertion (A) and Reason (R). Read both the statements carefully and choose the correct option.

Assertion (A) : Dematerialised shares have distinctive numbers.

Reason (R) : These shares are fungible, which means that all the holdings of a particular security will be identical and interchangeable.

Options :

(A) Both (A) and (R) are true and (R) is the correct explanation of (A).

(B) Both (A) and (R) are true, but (R) is ***not*** the correct explanation of (A).

(C) (A) is true, but (R) is false.

(D) (A) is false, but (R) is true.

(v) An investor holds 100 shares of ABC Ltd. The company's face value of a share is ₹ 10. The company decided stock split in 1 : 1 ratio. What would be the face value of company's share after this corporate action ?

(vi) These shares cannot be traded and are redeemed after the pre-decided period. What are these shares ?

(A) Equity shares (B) Preference shares

(C) Common shares (D) Bonus shares

SECTION B

(Subjective Type Questions) (26 Marks)

*Answer any **3** out of the given **5** questions on Employability Skills. Answer each question in 20 – 30 words.* *3×2=6*

6. We all know that almost all English sentences have a subject and a verb, while some also have an object. Explain the parts of a sentence.

7. Sameer was a very lazy boy and always used to postpone things. His father tried to make him understand the value of time. Sameer promised his father that he would never postpone his tasks. One day, he won the first prize in a singing competition. He was asked to collect the prize the same day. He didn't care and went to collect the prize the next day. But the prize was now useless for him, as it was a ticket to a circus show for the previous day. That day Sameer learnt an important lesson – the importance of doing things on time.

In context of this para, give the meaning of time management.

8. List the weekly maintenance activities of a computer system.

9. What is a career ? Mention two ways a person can earn a living.

10. Sustainable Development Goals (SDGs) are a universal call of action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The Sustainable Development Goals (SDGs) were launched at the United Nations Sustainable Development Summit in New York in September 2015, forming the 2030 Agenda for Sustainable Development. List four Sustainable Development Goals.

*Answer any **4** out of the given **6** questions in 20 – 30 words each.* *4×2=8*

11. A large number of new companies float public issues. While a large number of these companies are genuine, quite a few may want to exploit the investors. Therefore, it is very important that an investor, before applying for any issue, identifies future potential of the company. A part of guidelines issued by SEBI is the disclosure of information to the public. This disclosure includes information like the reason for raising the money, the way money is proposed to be spent, the return expected on the money, etc. This information is in the form of 'prospectus'. Explain who prepares the prospectus.

12. The trading on stock exchanges in India used to take place through open outcry without use of information technology for immediate matching or recording of trades. This was time consuming and inefficient. This imposed limits on trading volumes and efficiency. How was this deficiency of the trading system overcome ?

13. What is meant by 'ISIN' ?

14. Under rolling settlement, all open positions at the end of day mandatorily result in payment/delivery 'n' days later. Currently, trades in rolling settlement are settled on T+2. What does T and +2 stand for ?

15. List the features of annual report.

16. Calculate the Inventory Turnover Ratio for the following information :

Net sales	₹ 2,00,000
Net Profit	₹ 50,000
Opening Stock	₹ 1,00,000
Closing Stock	₹ 50,000

*Answer any **3** out of the given **5** questions in 50 – 80 words each.* *3×4=12*

17. Explain the following :

(a) Floor Price

(b) Price Band and who decides this price band

18. If an investor looks at a computer screen for a quote on stock of say XYZ Ltd., it might look something like this :

Bid (Buy side)		Ask (Sell side)	
Qty.	Price (₹)	Price (₹)	Qty.
1000	50·25	50·35	2000
500	50·10	50·40	1000
550	50·05	50·50	1500
2500	50·00	50·55	3000
1300	49·85	50·65	1450
Total 5850			8950

(a) What do you mean by 'Ask Price' and 'Bid Price' ?

(b) Identify the best Bid order from the above table.

(c) Identify the best Sell order from the above table.

19. Distinguish between 'open-end fund' and 'close-end fund'.

20. There are different corporate actions that an entity can choose option to initiate. Corporate actions have an impact on stock prices. It is an event that brings material changes to the company and affects its stakeholders. A good understanding of these corporate actions give a clear picture of the company's financial health and determines whether to buy or sell a particular stock.
In the context of this para, give the meaning of corporate actions. State the different types of corporate actions.

21. Explain corporate analysis and financial analysis.

2025

Series : HF1EG

SET – 4

रोल नं.
Roll No.

प्रश्न-पत्र कोड
Q.P. Code **92**

परीक्षार्थी प्रश्न-पत्र कोड को उत्तर-पुस्तिका के मुख-पृष्ठ पर अवश्य लिखें ।
Candidates must write the Q.P. Code on the title page of the answer-book.

वित्तीय बाज़ार परिचय

INTRODUCTION TO FINANCIAL MARKETS

निर्धारित समय : 2 घण्टे *अधिकतम अंक : 50*

Time allowed : 2 hours *Maximum Marks : 50*

- कृपया जाँच कर लें कि इस प्रश्न-पत्र में मुद्रित पृष्ठ **23** हैं ।
- कृपया जाँच कर लें कि इस प्रश्न-पत्र में **21** प्रश्न हैं ।
- प्रश्न-पत्र में दाहिने हाथ की ओर दिए गए प्रश्न-पत्र कोड को परीक्षार्थी उत्तर-पुस्तिका के मुख-पृष्ठ पर लिखें ।
- ***कृपया प्रश्न का उत्तर लिखना शुरू करने से पहले, उत्तर-पुस्तिका में यथा स्थान पर प्रश्न का क्रमांक अवश्य लिखें ।***
- इस प्रश्न-पत्र को पढ़ने के लिए 15 मिनट का समय दिया गया है । प्रश्न-पत्र का वितरण पूर्वाह्न में 10.15 बजे किया जाएगा । 10.15 बजे से 10.30 बजे तक परीक्षार्थी केवल प्रश्न-पत्र को पढ़ेंगे और इस अवधि के दौरान वे उत्तर-पुस्तिका पर कोई उत्तर नहीं लिखेंगे ।

- Please check that this question paper contains **23** printed pages.
- Please check that this question paper contains **21** questions.
- Q.P. Code given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- **Please write down the serial number of the question in the answer-book at the given place before attempting it.**
- 15 minute time has been allotted to read this question paper. The question paper will be distributed at 10.15 a.m. From 10.15 a.m. to 10.30 a.m., the candidates will read the question paper only and will not write any answer on the answer-book during this period.

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General Instructions :

(1) *Please read the instructions carefully.*

(2) *This Question Paper consists of **21** questions in two sections : Section-**A** & Section-**B**.*

(3) *Section-**A** has Objective type questions, whereas Section-**B** contains Subjective type questions.*

(4) *Out of the given **(5 + 16 =) 21** questions, a candidate has to answer **(5 + 10 =) 15** questions in the allotted (maximum) time of 2 hours.*

(5) *All questions of a particular section must be attempted in the correct order.*

(6) *Section-**A** : Objective Type Questions (**24** Marks) :*

(i) *This section has **05** questions.*

(ii) *It is mandatory for every student to complete all the questions as per instructions.*

(iii) *There is no negative marking.*

(iv) *Do as per the instructions given.*

(v) *Marks allotted are mentioned against each question/part.*

(7) *Section-**B** : Subjective Type Questions (**26** Marks) :*

(i) *This section has 16 questions.*

(ii) *A candidate has to do **10** questions.*

(iii) *There is no negative marking.*

(iv) *Do as per the instructions given.*

(v) *Marks allotted are mentioned against each question/part.*

SECTION – A

(Objective Type Questions)

1. Answer any **4** out of the given **6** questions on Employability Skills. **4 × 1 = 4**

(i) The means by which the information is sent :

(A) Sender (B) Feedback

(C) Message (D) Channel

(ii) Stay updated with best practices and read up on new information always. Prepare yourself for new changes, so that you can transition seamlessly. Identify the skill.

(A) Time Management (B) Adaptability

(C) Self-Awareness (D) Responsibility

(iii) "I will read my entire year's syllabus in one day and get good marks." It is an example of _____.

(A) Realistic goal (B) Achievable goal

(C) Unrealistic goal (D) Time bound goal

(iv) The following are navigation keys except :

(A) Home (B) END

(C) ENTER (D) PAGE UP

(v) This includes what to produce or sell, how much and where to sell. Identify this function of entrepreneur.

(A) Making Decisions

(B) Taking Risk

(C) Divide Income

(D) Create a new method, idea or product

(vi) Which of following is not a sustainable development goal according to United Nations ?

(A) Clean Water and Sanitation

(B) Gender Equality

(C) Population

(D) Reduced Inequalities

2. Answer any **5** out of given **6** questions. **5 × 1 = 5**

(i) When you invest money, you earn interest on your capital. The next year you earn interest on both your original capital and interest from the first year. In the third year, you earn interest on your capital and the interest on the first two years' interest… and so on. This concept is known as _____.

(A) The concept of Discounting (B) The concept of Compounding

(C) The concept of Simple Interest (D) The concept of Profit

(ii) Which of the following is not a security ?

(A) Shares (B) Debentures

(C) Bonds (D) Fixed Deposit Receipts

(iii) _____ is a mechanism, where during the period of which the IPO is open, bids are collected from investors at various prices, which are above or equal to the floor price.

(A) Fixed Price (B) Listing Price

(C) Book Building (D) Delisting Price

(iv) Companies whose potential for growth in sales and earnings are excellent, are growing faster than other companies in the market or other stocks in the same industry are called :

(A) Value Stock (B) Common Stock

(C) Growth Stock (D) Debt Instrument

(v) A farmer agrees to sell his produce of wheat to a Miller, 6 months later when his crop is ready, he sells his wheat produce at a price that is agreed upon today by both the parties. Identify the type of contract.

(vi) Investment decisions in a mutual fund are made by fund managers who have the expertise, information and knowledge to make better decisions than what a typical individual investor may be able to make. Identify the advantage of investing in mutual fund in this statement.

(A) Diversification (B) Liquidity

(C) Flexibility (D) Professional Management

3. Answer any **5** out of the given **6** questions. **5 × 1 = 5**

(i) Which of the following is a long-term investment option ?

(A) Saving Bank Account

(B) Money Market or Liquid Fund

(C) Fixed Deposits with bank with less than one year tenure

(D) Post Office monthly income scheme

(ii) It is entrusted with responsibility of regulating and developing the securities market. It formulates regulations and guidelines to govern various market participants, such as brokers, stock exchanges and listed companies to promote fair and transparent practices. Who is this market participant and what is the name of this entity ?

(iii) Which of the following is not an advantage of Book Building through NSE ?

(A) It offers a nation wide bidding facility in securities.

(B) It provides a fair, efficient and transparent method for collecting bids using the latest electronic trading system.

(C) Costs involved in the issue are far less than those in a normal IPO.

(D) The system increases the time taken for completion of the issue process.

(iv) _____ is a percentage of the face value of a share that a company returns to its shareholders from its annual profit.

(A) Dividends (B) Capital gain

(C) Profit (D) Interest

(v) Commodity derivatives market trade contracts for which the underlying asset is _____.

(A) Index (B) Currency

(C) Stock (D) Commodity

(vi) Which of the following is the formula of Debt-Equity ?

(A) Total Debt/Total Equity

(B) Total Debt/Total Assets

(C) Net Sales/Net Fixed Assets

(D) Current Assets/Current Liability

4. Answer any **5** out of the given **6** questions. **5 × 1 = 5**

(i) When we borrow money, we are expected to pay for using it – this is known as _____. (Gain / Interest / Profit)

(ii) In a book building issue, the issuer is required to indicate either the price band or a floor price in the prospectus. The actual discovered issue price can be any price in the price band or any price above the floor price. This issue price is referred to :

(A) Floor Price (B) Price Band

(C) Cut-off Price (D) Market Price

(iii) "Portfolio Management Services" could be offered only by intermediaries having specific approval of _____ for PMS.

(A) SEBI (B) RBI

(C) NSDL (D) NSE

(iv) Which of the following provides dematerialization of securities ?

(A) Reserve Bank of India (RBI)

(B) National Securities Depository Limited (NSDL)

(C) National Stock Exchange (NSE)

(D) Securities Exchange Board of India (SEBI)

(v) What is a record date ?

(vi) Read the following statements Assertion (A) and Reason (R) and choose the correct option from those given below :

Assertion (A) : Equity shareholders are supposed to be the owners of the company.

Reason (R) : Equity shareholders have a right to vote in the Annual General Meeting for passing any resolution.

Options :

(A) Both (A) and (R) are true and (R) is the correct explanation of (A).

(B) Both (A) and (R) are true, but (R) is not the correct explanation of (A).

(C) (A) is true, but (R) is false.

(D) (A) is false, but (R) is true.

5. Answer any **5** out of the given **6** questions. **5 × 1 = 5**

(i) It is like a bank wherein the securities are deposited in electronic form :

(A) Demat Account (B) Depository

(C) RBI (D) NSE

(ii) The draft offer Document is available on the SEBI website for public comments for a period of _____ from the filling of draft offer document with SEBI.

(A) 15 days (B) 21 Days

(C) 30 Days (D) 7 Days

(iii) Secondary market comprises of _____ and the _____.

(A) Equity market, Debt markets

(B) Equity market, Commodity markets

(C) Debt markets, Commodity markets

(D) Currency market, Equity markets

(iv) It keeps the client informed of corporate actions taken or to be taken by the issue of securities, having a bearing on the benefits or rights accruing to the client.

(A) Depository Participant (B) Bank

(C) Financial Institution (D) Custodian

(v) **Statement-I :** On account of non-delivery of securities by the trading member on the pay-in day, the securities are put up for auction by the exchange.

Statement-II : The exchange purchases the requisite quantity in auction market and gives them to the buying trading member.

(A) Statement-I is true, but Statement-II is false.

(B) Statement-I is false; but Statement-II is true.

(C) Both Statement-I and Statement-II are false.

(D) Both Statement-I and Statement-II are true.

(vi) _____ is the sum of present values of all the cash inflows of this annuity.

(A) Present value of a single cash flow

(B) Future value of an annuity

(C) The present value of annuity

(D) The future value of a net cash flow

SECTION – B

(Subjective Type Questions)

Answer any **3** out of the given **5** questions on Employability Skills. Answer each question in **20-30** words. **3 × 2 = 6**

6. List the four types of barriers of communication.

7. Ravi and his best friend, Shiv have been practicing for annual school dance competition. They both are performing solo. On the day of the competition, Shiv won. Ravi felt extremely sad and dejected. He shouted at Shiv unnecessarily, cried and also did not talk to his parents for 3-4 hours. On the contrary, if Ravi would have been emotionally intelligent, he would have accepted defeat gracefully and done better in the next competition. Being emotionally intelligent enhances your chances of success and a balanced life. Suggest some points to manage emotional intelligence.

8. What do you mean by "files" and "folders" in computer system ?

9. Ramya and Ramu both own plant shop. Ramu sits at his shop every day. When customers come, he sells plants to them. Ramya walks around and brings customers to her shop. She also sells seeds and flowers with her plants. Ramya is working hard to grow her business. She has also added a different idea to her business. Explain the roles of Ramya and Ramu.

10. One initiative was taken by Ministry of Railways in Varanasi and Rai Bareilly where they introduced clay pot 'Kulhads' to replace plastic and paper cup and to bring back taste of tradition. Mention two advantages of using 'Kulhads' by Railways.

Answer any **4** out of the given **6** questions in **20-30** words each. **4 × 2 = 8**

11. Most companies are usually started privately by their promoter(s). The promoters' capital / and the borrowings from banks and financial institutions may not be sufficient for setting up or running the business over a long-term. In context of this statement, explain why do companies require to issue shares to the public ?

12. What does maturity of a 'Bond' refer to ?

13. Depository Participants (DPs) open investor accounts, in which they hold the securities that they have bought in dematerialised form. Brokers and Banks offer DP services to investors. DPs help investors receive and deliver securities when they trade in them. While the securities when they trade in them. While the investor level accounts in securities are held and maintained by the DP the company level accounts of securities issued is held and maintained by the depository. Who can be depository participants ? Mention two depositories in India.

14. "Nifty is barometer of the Indian markets." In the light of this statement define 'Nifty'.

15. Balance Sheet :

Liabilities	Amount (₹)	Assets	Amount (₹)
Shareholders Funds :		Fixed Assets	
Reserves and Surplus		Investments	
Secured Loans		Current Assets, Loan and Advances	
Unsecured Loans		Miscellaneous expenditure	
Current Liabilities & Provisions			

List two 'applications of funds' and two sources of funds.

16. What do mean by Current Ratio ? Also write the formula of Current Ratio.

Answer any **3** out of the given **5** questions in **50-80** words each. **3 × 4 = 12**

17. Foreign capital issuance is the process by which a foreign entity raises capital through the issuances of securities in a foreign market. This can be done through a variety of securities, including stocks, bonds and other financial instruments. Indian companies are permitted to raise foreign currency resources through two main sources :

(a) Issue of foreign currency convertible bonds more commonly known as 'Euro' issues; and

(b) Issue of ordinary shares through depositories receipts namely Global Depository Receipts (GDRs), American Depository Receipts (ADRs), to foreign investors i.e. to the institutional investors or individual investors. In the context of this para, what are foreign currency convertible bonds, Global Depository Receipts (GDRs) and American Depository Receipts ?

18. Stock Exchange market is a vital component of a capital market. It facilitates the transaction between traders of financial instruments and targeted buyers. A stock exchange in India adheres to set of rules and regulations directed by Securities and Exchange Board of India or SEBI. The said authorised body functions to protect the interest of investors and aims to promote the stock market of India. In the view of this para, what do you mean by stock exchange ? What are the roles of stock exchange in securities market ?

19. Explain the various types of risk in investing in mutual fund.

20. Explain the following :

    (a) The function of clearing corporation **2**

    (b) Types of return received by investor in equities **2**

21. Suppose you are given two options :

    (a) Receive ₹ 10,000 now or

    (b) Receive ₹ 10,000 after three years

    Which of options you prefer to choose ? Explain with the help of the time value of money concept.

———————

2024

Series #CDBA

SET-4

प्रश्न–पत्र कोड
Q.P. Code 92

रोल नं.
Roll No.

परीक्षार्थी प्रश्न–पत्र कोड को उत्तर–पुस्तिका के मुख–पृष्ठ पर अवश्य लिखें ।
Candidates must write the Q.P. Code on the title page of the answer-book.

- कृपया जाँच कर लें कि इस प्रश्न–पत्र में मुद्रित पृष्ठ **15** हैं ।
- कृपया जाँच कर लें कि इस प्रश्न–पत्र में **21** प्रश्न हैं ।
- प्रश्न–पत्र में दाहिने हाथ की ओर दिए गए प्रश्न–पत्र कोड को परीक्षार्थी उत्तर–पुस्तिका के मुख–पृष्ठ पर लिखें ।
- **कृपया प्रश्न का उत्तर लिखना शुरू करने से पहले, उत्तर–पुस्तिका में प्रश्न का क्रमांक अवश्य लिखें ।**
- इस प्रश्न–पत्र को पढ़ने के लिए 15 मिनट का समय दिया गया है । प्रश्न–पत्र का वितरण पूर्वाह्न में 10.15 बजे किया जाएगा । 10.15 बजे से 10.30 बजे तक परीक्षार्थी केवल प्रश्न–पत्र को पढ़ेंगे और इस अवधि के दौरान वे उत्तर–पुस्तिका पर कोई उत्तर नहीं लिखेंगे ।
- Please check that this question paper contains **15** printed pages.
- Please check that this question paper contains **21** questions.
- Q.P. Code given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- **Please write down the serial number of the question in the answer-book before attempting it.**
- 15 minute time has been allotted to read this question paper. The question paper will be distributed at 10.15 a.m. From 10.15 a.m. to 10.30 a.m., the candidates will read the question paper only and will not write any answer on the answer-book during this period.

वित्तीय बाज़ार परिचय

INTRODUCTION TO FINANCIAL MARKETS

*निर्धारित समय : **2** घण्टे* | *अधिकतम अंक : **50***

*Time allowed : **2** hours* | *Maximum Marks : **50***

General Instructions :

(i) Please read the instructions carefully.

*(ii) This question paper consists of **21** questions in two sections : Section **A** & Section B.*

*(iii) Section-**A** has Objective Type Questions whereas Section **B** contains Subjective type questions.*

*(iv) Out of the given **(5 + 16 =) 21** questions, a candidate has to answer **(5 + 10 =) 15** questions in the allotted (maximum) time of **2** hours.*

(v) All questions of a particular section must be attempted in the correct order.

*(vi) SECTION **A** – OBJECTIVE TYPE QUESTIONS (**24** MARKS) :*

*(a) This Section has **05** questions.*

(b) There is no negative marking.

(c) Do as per the instructions given.

(d) Marks allotted are mentioned against each question/part.

*(vii) SECTION **B** – SUBJECTIVE TYPE QUESTIONS (**26** MARKS) :*

*(a) This Section has **16** questions.*

*(b) A candidate has to do **10** questions.*

(c) Do as per the instructions given.

(d) Marks allotted are mentioned against each question/part.

SECTION – A
(Objective Type Questions)

1. Answer any **4** out of the given **6** questions on Employability Skills. **4 × 1 = 4**

(i) Speaking is one of the most effective and commonly used way of communication. It helps in expressing our emotions in words. This improves communication skills, you will build rapport, and have a better connect. This communication is known as : **1**

(a) Verbal communication (b) Non-verbal communication

(c) Visual communication (d) Both (a) and (c)

(ii) _____ can be defined as our emotional, mental, physical and social reaction to any perceived demand or threats. **1**

(iii) "How much ?"; "How many ?" and "How do I know that I have achieved results ?" Identify this SMART goal. **1**

(iv) Computers can crush, humans can make mistakes and natural disasters, such as floods can happen. So, it is important for companies, hospitals, banks, etc., to keep their information safe – so that their business can continue to function smoothly and their customers do not face problems. This can be done by **1**

(a) Scanning and cleaning viruses
(b) Back up data
(c) Removing SPAM
(d) Disk Cleaner Software

(v) Mohit is an entrepreneur. He arranges for raw material, hires people for work and tells everyone what to do. He also checks if the plan is being followed. Which function of an entrepreneur does he perform ? **1**

(a) Making Decisions (b) Divide income
(c) Taking risk (d) Managing Business

(vi) Organic farming is where farmers do not use chemical pesticides and fertilizers. It ensures : **1**

(a) Increase their production
(b) Better quality chemical free crops
(c) Maintaining the soil quality for future use
(d) To ban the production of fertilizers

2. Answer any **5** out of given **6** questions. **5 × 1 = 5**

(i) This financial asset is usually a debt instrument sold by companies or the government to raise funds for short-term or long-term projects **1**

(a) Bonds (b) Debenture
(c) Equity (d) Derivatives

(ii) **Assertion (A) :** Securities are financial instruments issued to raise funds.

Reason (R) : The primary function of the securities markets is to enable the flow of capital from those that have it to those that need it. **1**

(a) Both (A) and (R) are true and (R) is the correct explanation of (A).
(b) Both (A) and (R) are true, but R is not the correct explanation of (A).
(c) (A) is true, but (R) is false.
(d) (A) is false, but (R) is true.

(iii) Book building is basically a process used in IPO for efficient _____. **1**

(iv) NSE introduced a nationwide, on-line, fully-automated trading system where a member can punch into the computer the quantities of a security and the price at which he would like to transact, and the transaction is executed as soon as a matching sale or buy order from a counter party is found. This trading system is referred as : **1**

(a) Source Based Trading System (SBTS)
(b) Screen Bound Trading System (SBTS)
(c) Screen Based Trading System (SBTS)
(d) Screen Based Trade System (SBTS)

(v) Mr. Iyer is seller and Mr. Raj is the buyer of this contract. The predetermined quantity of rice to be sold is 500 kg and the price at which the rice will be sold is ₹ 20 per kg. Hence, the price of contract is ₹ 10,000 (500 × 20), which derives its value from the underlying - rice. The contract will be future date - two months from now. This will happen when the rice will be delivered to Mr. Raj's warehouse and Mr. Iyer will receive ₹ 10,000. Identify this contract. **1**

(vi) These funds invest primarily in equity shares of companies in a particular business sector or industry **1**

(a) Growth Fund (b) Diversified Fund
(c) Sector Fund (d) Index Fund

3. Answer any **5** out of given **6** questions. **5 × 1 = 5**

(i) Interest is an amount charged to the borrower for the privilege of using _____. **1**

(ii) Its regulatory jurisdiction extends over corporates in the issuance of capital and transfer of securities in addition to all intermediaries and persons associated with securities market. Which regulator is refered to here ? **1**

(a) Reserve Bank of India (RBI)
(b) Securities Exchange Board of India (SEBI)
(c) Registrar of Companies
(d) Department of Company Affair

(iii) A listed company makes either a fresh issue of securities to the public or an offer for sale to the public, through an offer document. **1**

(a) Rights Issue (b) IPO
(c) Private Placements (d) Further Issue (FPO)

(iv) What is a Bonus share ? **1**

(v) National Commodity and Derivatives Exchange Limited (NCDEX) is a national-level, technology-driven online commodity exchange with an independent Board of Directors and Professional management. In the context of this statement, define the Commodity Exchange. **1**

(vi) Which of the following is not a profitability ratio ? **1**

(a) Gross Profit Ratio (b) Net Profit Ratio

(c) Debt-Equity Ratio (d) Return on Capital Ratio

4. Answer any **5** out of given **6** questions. **5 × 1 = 5**

(i) It is a platform where buyers and sellers come together to trade financial tools during specific hours of any business day while adhering to SEBI's well-defined guidelines. Name the organisation. **1**

(ii) Most companies are usually started privately by their promoter(s). However, the promoters' capital and the borrowings from banks and financial institutions may not be sufficient for setting up or running the business over a long term. So companies invite the public to contribute towards the equity and issue shares to individual investors. The main objective(s) of primary market is/are **1**

(a) To raise funds (b) Issuance of New Securities

(c) Capital Appreciation (d) Both (a) and (b)

(iii) _____ are High Risk Investments. **1**

(iv) **Statement-1 :** Depository facilitates securities between accounts on the instruction of the account holder. **1**

Statement-2 : Depository also holds funds in account.

(a) Both Statement-1 and Statement-2 are true.

(b) Both Statement-1 and Statement-2 are false.

(c) Statement-1 is false, but Statement-2 is true.

(d) Statement-1 is true, but Statement-2 is false.

(v) As the price of a security gets higher and higher, some investors may feel the price is too high for them to buy, or small investors may feel it is unaffordable. Splitting the stock brings the share price down to a more "attractive" level. Which corporate action is this ? **1**

(a) Dividend Payment (b) Buyback of share

(c) Bonus share (d) Stock splits

(vi) _____ of a company is a record showing source of funds and their application of creating/building assets. **1**

(a) Balance Sheet (b) Income Statement

(c) Profit and Loss Account (d) Share Capital

5. Answer any **5** out of given **6** questions. **5 × 1 = 5**

(i) The various products in which investments may be done are financial products viz. fixed deposits in bank, buying shares in stock market, investing in Mutual Funds, etc. and non-financial products viz. purchase of land, gold, silver, etc. The non-financial products are also known as _____. **1**

(a) Financial Assets (b) Current Assets

(c) Real Assets (d) Both (a) and (c)

(ii) The companies that issue their shares are called issuers and the process of issuing shares to public is known as _____. **1**

(iii) Trading at the exchange offers investors **1**

(a) The best prices prevailing at time in the market

(b) Lack of any counter party risk

(c) Access to investor grievance and redressal mechanism

(d) To do trading in the unlisted securities.

(iv) **Assertion (A) :** The Depository has prescribed minimum balance. **1**

Reason (R) : Investors can have zero balance in their demat account.

(a) Both (A) and (R) are true and (R) is correct explanation of (A).

(b) Both (A) and (R) are true and (R) is not correct explanation of (A).

(c) (A) is true, but (R) is false.

(d) (A) is false, but (R) is true.

(v) In case one of parties to the dispute is not satisfied with the complaint resolution process provided by the exchange then the concerned party may avail the _____ provided by the exchange. **1**

(a) Clearing Corporation (b) Arbitration

(c) SEBI (d) Court

(vi) After distributing dividends, a part of the profit is retained by the company for meeting fund requirements in future. The retained profits accumulated over the years are called : **1**

(a) General Profit (b) Capital Gain

(c) Reserves and Surplus (d) Net Profit

SECTION – B

(Subjective Type Questions)

Answer any **3** out of given **5** questions on Employability Skills. Answer each question in **20-30** words. **3 × 2 = 6**

6. For effective communication, it is important that the sender receives an acknowledgement from the receiver about getting the message across. While a sender sends information, the receiver provides feedback on the received message. In the context of this statement, enumerate two types of feedback. **2**

7. List the qualities of a self-motived person. **2**

8. A computer is a delicate machine with a lot of moving electronic parts. We need to protect it from dust and damage. If we are careless, it will not work efficiently. In the light of this statement, describe the importance of care and maintenance of computers. **2**

9. State any two role performed by an entrepreneur. **2**

10. Increasing population and development has led to the increase in consumption of the natural resources. The more the population, the more food, energy and water we need. When we grow more crops, the soil's nutrients are consumed and slowly the soil becomes unusable. Similarly if we continue to use fossil fuels, such as coal, oil and natural gas, very soon we will run out of these natural resources. **2**
Explain the impact of increasing population on environment.

Answer any **4** out of given **6** questions in **20-30** words each. **4 × 2 = 8**

11. Registrars are independent financial institutions registered with stock exchanges and appointed by the company going public. Enumerate two roles of registrar related to public issues. **2**

12. The secondary market provides opportunities of capital appreciation for companies and investors on a fairly unbiased basis. The secondary market is a platform, usually run by an exchange, where both retail and institutional buyers and sellers come together to trade in securities. The secondary market ensures liquidity for investors. Investors and promoters can sell their securities to get cash. It also presents opportunities for interested buyers to buy securities for investment. In context of the para, describe the two advantages of secondary market. **2**

13. (a) Define depository participants.
(b) Who can be depository participants ? **2**

14. Explain any **two** of the following terms : **2**
(a) Ex-Date
(b) Investor Protection Fund
(c) Record Date

15. Calculate the value of deposit (Compound interest) of ₹ 5000 made today, 2 years hence if interest rate is 8%. **2**

16. What are quick (Acid) Assets ? Write the formula of Acid-Test Ratio. **2**

Answer any **3** out of given **5** questions in **50-80** words each. **3 × 4 = 12**

17. The primary market is used by issuers for raising fresh capital from the investors by making initial public offers or rights issues or offers for sale of equity or debt. The promoters capital and the borrowings from banks and financial institutions may not be sufficient for setting up or running the business over a long term. So companies invite the public to contribute towards the equity and issue shares to individual investors. In the context of this para, explain the various types of issues of share. **4**

18. Your investment in a company or a government body through a debt instrument is a debt investment. What is a debt instrument ? Explain the features of debt instrument. **4**

19. Companies distribute a portion of their profits as dividends to their shareholders. Dividend yield measures the quantum of earnings by the way of total dividends that investors make by investing in that company. In the context of this para, how dividend yield is calculated and find dividend yield with given information. Market price of share ₹ 500 and annual dividend paid is ₹ 20. **4**

20. Explain the following terms : **4**
(a) Net worth (b) Time value of Money
(c) Corporate Analysis (d) Loan Fund

21. Mutual Fund offers investors an alternate investment route to invest in asset classes such as equity, debt, real estate, securities with benefit of a diversified portfolio managed by professional investment managers. Investor can invest in a diversified portfolio with small amount as low as ₹ 500. Investors will find it difficult to bring meaningful diversification to a self-managed portfolio with such a small amount. Investment decisions in a mutual fund are made by fund manager who have expertise, information and knowledge to make better decisions than what a typical individual investor may be able to make.
(a) Mention assets in which mutual fund invests. **1**
(b) Describe any three benefits of investing in Mutual Fund. **3**

2023

Series ωZWYX

Set-4

प्रश्न–पत्र कोड
Q.P. Code
92

रोल नं.
Roll No.

परीक्षार्थी प्रश्न–पत्र कोड को उत्तर–पुस्तिका के मुख–पृष्ठ पर अवश्य लिखें ।
Candidates must write the Q.P. Code on the title page of the answer-book.

वित्तीय बाज़ार परिचय

INTRODUCTION TO FINANCIAL MARKETS

निर्धारित समय : 2 घण्टे *अधिकतम अंक : 50*

Time allowed : 2 hours *Maximum Marks : 50*

- कृपया जाँच कर लें कि इस प्रश्न–पत्र में मुद्रित पृष्ठ **15** हैं ।
- प्रश्न–पत्र में दाहिने हाथ की ओर दिए गए प्रश्न–पत्र कोड को परीक्षार्थी उत्तर–पुस्तिका के मुख–पृष्ठ पर लिखें ।
- कृपया जाँच कर लें कि इस प्रश्न–पत्र में **21** प्रश्न हैं ।
- **कृपया प्रश्न का उत्तर लिखना शुरू करने से पहले, उत्तर–पुस्तिका में प्रश्न का क्रमांक अवश्य लिखें ।**
- इस प्रश्न–पत्र को पढ़ने के लिए 15 मिनट का समय दिया गया है । प्रश्न–पत्र का वितरण पूर्वाह्न में 10.15 बजे किया जाएगा । 10.15 बजे से 10.30 बजे तक परीक्षार्थी केवल प्रश्न–पत्र को पढ़ेंगे और इस अवधि के दौरान वे उत्तर–पुस्तिका पर कोई उत्तर नहीं लिखेंगे ।
- Please check that this question paper contains **15** printed pages.
- Q.P. Code given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains **21** questions.
- **Please write down the serial number of the question in the answer-book before attempting it.**
- 15 minute time has been allotted to read this question paper. The question paper will be distributed at 10.15 a.m. From 10.15 a.m. to 10.30 a.m., the candidates will read the question paper only and will not write any answer on the answer-book during this period.

General Instructions :

(i) Please read the instructions carefully.

*(ii) This question paper consists of **21** questions in two sections : Section **A** & Section B.*

*(iii) Section-**A** has Objective Type Questions whereas Section **B** contains Subjective type questions.*

*(iv) Out of the given **(5 + 16 =) 21** questions, a candidate has to answer **(5 + 10 =) 15** questions in the allotted (maximum) time of **2** hours.*

(v) All questions of a particular section must be attempted in the correct order.

*(vi) SECTION **A** – OBJECTIVE TYPE QUESTIONS (**24** MARKS) :*

*(a) This Section has **05** questions.*

(b) Marks allotted are mentioned against each question/part.

(c) There is no negative marking.

(d) Do as per the instructions given.

*SECTION **B** – SUBJECTIVE TYPE QUESTIONS (**26** MARKS) :*

*(a) This Section has **16** questions.*

*(b) A candidate has to do **10** questions.*

(c) Do as per the instructions given.

(d) Marks allotted are mentioned against each question/part.

SECTION – A

(Objective Type Questions)

1. Answer any **4** out of the given **6** questions on Employability Skills. **4 × 1 = 4**

(i) A way of thinking that helps to accept failure, not give up, continuously experiment etc. is crucial for an entrepreneur. **1**

(a) Energetic (b) Self-confident

(c) Perseverant (d) Optimism

(ii) "Akshita is always punctual at school. She has a regular schedule that she follows everyday. She plans for study and play time in advance." Mention this ability of Akshita. **1**

(iii) Enables you to perform a particular job or task with considerable proficiency. **1**

(a) Interests (b) Abilities

(c) Weakness (d) Motivation

(iv) Which one of the following short-cut keys is used to copy ? **1**

(a) Ctrl + C (b) Ctrl + P

(c) Ctrl + V (d) Ctrl + X

(v) Define a career. **1**

(vi) These files are created when you are running programs. **1**

(a) Virus (b) Backup files

(c) System files (d) Temporary files

2. Answer any **5** out of given **6** questions. **5 × 1 = 5**

(i) What is meant by 'Real rate of return ? **1**

(ii) "Its regulatory jurisdiction covers corporates in the issuance of capital and transfer of securities, in addition to all intermediaries and persons associated with securities market." **1**

(a) IRDA (b) SEBI

(c) RBI (d) PFRDA

(iii) Minimum number of days for which a bid remains open during book building. **1**

(a) Three days (b) Five days

(c) Seven days (d) Nine days

(iv) "CRISIL is a credit rating agency in India". Which of the following is not a credit rating agency in India : **1**

(a) CARE (b) ICRA

(c) FITCH (d) RBI

(v) Commodity derivatives market trade contracts for which the underlying asset is _____. **1**

(a) Interest (b) Currency

(c) Stock (d) Commodity

(vi) Expand the term 'ETF'. **1**

3. Answer any **5** out of given **6** questions. **5 × 1 = 5**

(i) _____ are specialised form of mutual funds that invest in extremely short-term fixed income instruments. **1**

(a) Liquid Funds (b) Public Provident Funds

(c) Growth Funds (d) Debts Funds

(ii) "The market which deals in securities previously issued" is called **1**

(a) Primary Market (b) Debt Market

(c) Secondary Market (d) Commodity Market

(iii) How can we find Market Capitalisation of a company ? **1**

(iv) The trading system of NSE is called : **1**

(a) BOLT (b) NEAT

(c) ODIN (d) FTEC

(v) A buyer of an option pays for the right to exercise his option. Identify term used for this. **1**

(vi) What is the formula of P/E Ratio ? **1**

(a) Market price of a share / Earning per share.

(b) Net profit / No. of outstanding share.

(c) Net profit after tax / Total capital employed.

(d) Net profit after tax / Net worth.

4. Answer any **5** out of given **6** questions. **5 × 1 = 5**

(i) Give two examples of financial assets. **1**

(ii) "It accompanies the application form of public issues." **1**

(a) Income Statement (b) Annual Report

(c) Prospectus (d) Financial Report

(iii) Owners of these kinds of shares are entitled to a fixed dividend or dividend calculated at a fixed rate to be paid regularly before the dividend can be paid in respect of equity shares. They also enjoy priority over the equity shareholders in payment of surplus. **1**

(a) Preference shares (b) Bonus share

(c) Right share (d) Equity share

(iv) What do you understand by 'Dematerialisation' ? **1**

(v) Amit holds 400 shares of X Ltd. Company decides to implement a stock spilt of 4 for 1. How many shares Mr. Amit will hold how many shares after this corporate action ? **1**

(a) 400 (b) 1600

(c) 100 (d) 800

(vi) Financial performance of the company and certain key financial parameters like Earning Per Share (EPS), P/E ratio, current size of equity etc. for arriving at the estimated future price. This is known as _____. **1**

(a) Industry Analysis (b) Corporate Analysis

(c) Financial Analysis (d) Firm Analysis

5. Answer any **5** out of given **6** questions. **5 × 1 = 5**

(i) "It is often the first banking product people use, which offers low interest." **1**

(a) Fixed Deposit Account

(b) Recurring Deposit Account

(c) Current Deposit Account

(d) Saving Bank Account

(ii) What do you understand by 'Global Depository Receipts' ? **1**

(iii) A bond giving investor the option to convert the bond into equity at a fixed conversion price is called **1**

(a) Convertible Bond

(b) Zero Coupon Bond

(c) Treasury Bills

(d) Commercial Paper

(iv) Hold the fund in _____ account. **1**

(a) Bank (b) Depository

(c) Demat (d) Cash

(v) Mention two examples of 'Corporate Actions'. **1**

(vi) A part of the profit is retained by the company for meeting fund requirements in future. **1**

(a) Dividend (b) Interest

(c) Reserves and Surplus (d) Revenue

SECTION – B

(Subjective Type Questions)

Answer any **3** out of given **5** questions on Employability Skills. Answer each question in **20-30** words. **3 × 2 = 6**

6. Explain the skill you must master to succeed in life. **2**

7. "Being well versed with stress coping mechanisms helps people lead healthy and happier life." What are the benefits of Stress Management ? **2**

8. Write the steps to create new folder. **2**

9. Discuss role of entrepreneur in the society. **2**

10. "A business plan serves as a guide to determine the business objectives and the course of action. It helps to detail the "what, when, how and who" of doing every specific tasks." Describe this managerial function of entrepreneurs. **2**

Answer any **4** out of given **6** questions in **20-30** words each. **4 × 2 = 8**

11. What does 'Listing agreement' mean ? **2**

12. "Equities have the potential to increase in value over time". What are the benefits of investing in equities or shares ? (any two) **2**

13. Describe the process of dematerializing of shares. **2**

14. "National Hydroelectric Power Company (NHPC) Ltd., National Thermal Power Company (NTPC) Ltd., Tata Power Company (TPC) Ltd. etc. belong to the Power Sector/Industry of India." What does Industry Analysis mean ? **2**

15. Define the following terms : **2**

    (a) Record Date

    (b) Pay-out

16. Explain the Debt-Asset Ratio. **2**

Answer any **3** out of given **5** questions in **50-80** words each. **3 × 4 = 12**

17. Indian primary market ushered in an era of free pricing in 1992. Following this, the guidelines have provided that the issuer in consultation with Merchant Banker shall decide the price. There is no price formula stipulated by SEBI. SEBI does not play any role in price fixation. The company and merchant banker are however required to give full disclosures of the parameters which they had considered while deciding the issue price. There are two types of issues, one where company and Lead Merchant Banker fix a price, called fixed price and other, where the company and the Lead Manager (LM) stipulate a floor price or a price band and leave it to market forces to determine the final price.

    (a) Explain the role of merchant banker in an issue.

    (b) Does SEBI play role in fixation of price in issue ?

    (c) Mention two types of issues.

    (d) Who decides the final prices of issues ? **4**

18. "A contract note is a confirmation of trade on a particular day issued for and, on behalf of, a client by a registered broker of a stock exchange." Explain information required to be mentioned on the contract note issued by the stock broker. **4**

19. Define the following terms : **4**

    (a) Active fund Management

    (b) Index Fund

    (c) Value Investment Strategy

    (d) Net Asset Value

20. "National Clearing Limited (NCL), a 100% subsidiary of NSE, performs the role of a clearing corporation for transactions executed on the NSE." In this context define the clearing corporation and explain the role of clearing corporation. **4**

21. Differentiate between equity shareholders and preference shareholders. **4**

2022

Series : ΩQAΩA

SET-4

प्रश्न-पत्र कोड नं.
Question Paper Code No. 92

रोल नं.
Roll No.

परीक्षार्थी कोड को उत्तर-पुस्तिका के मुख-पृष्ठ पर अवश्य लिखें ।
Candidates must write the Code on the title page of the answer-book.

- कृपया जाँच कर लें कि इस प्रश्न-पत्र में मुद्रित पृष्ठ **8** हैं ।
- प्रश्न-पत्र में दाहिनें हाथ की ओर दिए गए कोड नम्बर को छात्र उत्तर-पुस्तिका के मुख-पृष्ठ पर लिखें ।
- कृपया जाँच कर लें कि इस प्रश्न-पत्र में **21** प्रश्न हैं ।
- **कृपया प्रश्न का उत्तर लिखना शुरू करने से पहले, उत्तर-पुस्तिका में प्रश्न का क्रमांक अवश्य लिखें ।**
- इस प्रश्न-पत्र को पढ़ने के लिए 15 मिनट का समय दिया गया है । प्रश्न-पत्र का वितरण पूर्वाह्न में 10.15 बजे किया जाएगा । 10.15 बजे से 10.30 बजे तक छात्र केवल प्रश्न-पत्र को पढ़ेंगे और इस अवधि के दौरान वे उत्तर-पुस्तिका पर कोई उत्तर नहीं लिखेंगे ।

- Please check that this question paper contains **8** printed pages.
- Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains **21** questions.
- **Please write down the Serial Number of the question in the answer-book before attempting it.**
- 15 minute time has been allotted to read this question paper. The question paper will be distributed at 10.15 a.m. From 10.15 a.m. to 10.30 a.m., the students will read the question paper only and will not write any answer on the answer-book during this period.

*

वित्तीय बाज़ार परिचय

INTRODUCTION TO FINANCIAL MARKETS

*निर्धारित समय : **1** घण्टा*
*Time allowed : **1** hour*

*अधिकतम अंक : **25***
*Maximum Marks : **25***

General Instructions :

(i) *Please read the instructions carefully.*

(ii) *This question paper is divided into* ***3 Sections*** *viz.* ***Section A, Section B and Section C.***

(iii) ***Section A*** *is of* ***05*** *marks and has* ***06*** *questions on Employability skills.*

(a) *Questions numbers* ***1*** *to* ***4*** *are* ***one*** *mark questions. Attempt any* ***three*** *questions.*

(b) *Question numbers* ***5*** *and* ***6*** *are* ***two*** *marks questions. Attempt any* ***one*** *question.*

(iv) ***Section B*** *is of* ***12*** *marks and has* ***12*** *questions on subject specific skills.*

(a) *Question numbers* ***7*** *to* ***12*** *are* ***one*** *mark questions. Attempt any* ***four*** *questions.*

(b) *Question numbers* ***13*** *to* ***18*** *are* ***two*** *marks questions. Attempt any* ***four*** *questions.*

(v) ***Section C*** *is of* ***8*** *marks and has* ***3*** *competency based questions.*

Question numbers ***19*** *to* ***21*** *are* ***four*** *marks questions. Attempt any* ***two*** *questions.*

(vi) *Do as per the instructions given in the respective sections.*

(vii) *Marks allotted are mentioned against each section/question.*

Section – A

Answer any **3** questions out of given **4** questions of **1** mark each. **1 × 3 = 3**

1. "One must believe in oneself." Mention the quality of Entrepreneur. **1**

2. List any two functions of an entrepreneur. **1**

3. With the introduction of high agriculture tools, we can grow more food by using fertilisers, pesticides and hybrid crops. This leads to _____. **1**

4. Define Sustainable Development. **1**

Answer any **1** question out of given **2** questions. Each question is of **2** marks. **2 × 1 = 2**

5. Describe the ways through which a person can earn a living. **2**

6. State any two problems related to sustainable development. **2**

Section – B

Answer any **4** questions out of given **6** questions. **1 × 4 = 4**

7. "The Depository provides its services to investors through its agents." By what destignation are the agents known as ? **1**

8. Name the regulatory body for Mutual Funds. **1**

9. By what name the corporate action which splits the existing shares of a particular face value into smaller denominations is called ? **1**

10. What do you mean by 'Time value of Money' ? **1**

11. Write the formula of Stock Turnover Ratio. **1**

12. Long term solvency of a firm can be judged by using which ratios ? **1**

Answer any **4** questions out of the given **6** questions. **2 × 4 = 8**

13. Describe any two benefits of dematerialized (Demat) account. **2**

14. What is meant by 'Gilt Funds' ? **2**

15. Explain any two fucntions of clearing corporation. **2**

16. What is meant by conversion period ? **2**

17. What do you mean by 'Reserves and Surplus' ? **2**

18. Calcualte the Gross Profit Ratio from the following information : **2**

Particulars	Amount (₹)	Particulars	Amount (₹)
Opening Stock	15,000	Sales	1,00,000
Purchase	35,000	Closing Stock	20,000
Wage and Salaries	40,000		
Gross Profit	30,000		
	1,20,000		**1,20,000**

Section – C

(COMPETENCY BASED QUESTIONS)

Answer any **2** questions out of given **3** questions. **4 × 2 = 8**

19. "Every mutual fund investor enjoys certain rights under SEBI's laws and rules and fund houses are bound to extend those rights to their investors." Describe any four rights that are available to a mutual fund holder as per SEBI regulations on Mutual Fund. **4**

20. "When a company declares a stock split, the number of shares of that company increases, but the market cap remains the same. Existing shares split, but the underlying value remains the same." Describe stock split and split of shares by a company. **4**

21. Companies publish annual reports and send abridged versions to shareholders free of cost. An annual report of a company is the best source of information about the financial health of a company. In the light of this statement, describe an annual report and its features. **4**

Year: 2025 Compartment

Objective Type Questions (1 Mark)

- **Q2 (i):** The term 'debenture' is used for instruments issued by the:
  - **Answer:** (C) Private Corporate Sector.
- **Q2 (ii):** Which of the following is not considered as the power of SEBI?
  - **Answer:** (C) Regulating the foreign currency management.
- **Q2 (iii):** It finalises the list of eligible allottees after deleting the invalid applications...
  - **Answer:** (D) Registrar.
- **Q2 (iv):** _____ refers to the periodic interest payments that are made by the borrower to the lender:
  - **Answer:** (B) Coupon.
- **Q2 (v):** Which of the following is not traded on exchange?
  - **Answer:** (B) Forward Contract. (It is a customized contract between two entities).
- **Q2 (vi):** These funds invest in companies spread across sectors...
  - **Answer:** (C) Diversified Fund.
- **Q3 (i):** Fixed deposits with banks, small saving instruments with post offices... are examples of:
  - **Answer:** (B) Financial Assets.
- **Q3 (ii):** The group of market participants that collectively facilitates interaction between investors and issuers is known as:
  - **Answer:** (D) Intermediaries.
- **Q3 (iii):** Which statement is not correct about the role of SEBI in an issue?
  - **Answer:** (D) SEBI also recommends issues and takes any responsibility for the financial soundness of any scheme or the project...
- **Q3 (iv):** Statement I: Bond is a negotiable instrument evidencing indebtedness. Statement II: Bond is normally unsecured.
  - **Answer:** (D) Both Statements I and II are true.
- **Q3 (v):** The quality of asset underlying a contract can vary at times under which derivatives?
  - **Answer:** (A) Commodity Derivatives.
- **Q3 (vi):** Write the formula of Interest Coverage Ratio.
  - **Answer:** Earnings Before Interest and Taxes / Interest.
- **Q4 (i):** _____ is a product whose value is derived from the value of one or more basic variables called 'underlying'.
  - **Answer:** (C) Derivative.
- **Q4 (ii):** What is a Portfolio?
  - **Answer:** A Portfolio is a combination of different investment assets mixed and matched for the purpose of achieving an investor's goal(s).
- **Q4 (iii):** Assertion (A): Secondary markets enable price discovery... Reason (R): Secondary markets provide liquidity...

    - **Answer:** (B) Both (A) and (R) are true, but (R) is not the correct explanation of (A).
- **Q4 (iv):** Electronic holdings can be converted into physical certificates. This process is known as:
    - **Answer:** (B) Rematerialisation.
- **Q4 (v):** Under the SEBI (Buy Back of Securities) Regulations, 1998, a company is permitted to buy back its shares from:
    - **Answer:** (D) (i), (ii) and (iii).
- **Q4 (vi):** _____ is a part of subscribed capital which has been called-up by the company for payment.
    - **Answer:** (A) Called-up capital.
- **Q5 (i):** Which one of the following factors does not govern the interest rates?
    - **Answer:** (C) Rate of Return.
- **Q5 (ii):** According to the Companies Act, 2013, an offer to subscribe to securities made to not more than 50 persons is called a _____ of securities.
    - **Answer:** (A) Private placement.
- **Q5 (iii):** NSE is the first exchange in the world to use satellite communication technology for trading. Its trading system is called:
    - **Answer:** (D) NEAT.
- **Q5 (iv):** Assertion (A): Dematerialised shares have distinctive numbers. Reason (R): These shares are fungible...
    - **Answer:** (D) (A) is false, but (R) is true.
- **Q5 (v):** An investor holds 100 shares of ABC Ltd. The company's face value of a share is 10. The company decided stock split in 1: 1 ratio. What would be the face value...
    - **Answer:** Rs. 5.
- **Q5 (vi):** These shares cannot be traded and are redeemed after the pre-decided period. What are these shares?
    - **Answer:** (B) Preference shares.

Subjective Type Questions (2-4 Marks)

- **Q11: Explain who prepares the prospectus.**
    - **Answer:** The 'Prospectus' is prepared by the company with the help of 'Merchant Bankers' and is then submitted to SEBI for its approval.
- **Q12: How was this deficiency of the trading system overcome?**
    - **Answer:** In order to provide efficiency, liquidity and transparency, NSE introduced a nationwide, on-line, fully-automated screen based trading system (SBTS) where a transaction is executed as soon as a matching sale or buy order from a counter party is found.
- **Q13: What is meant by 'ISIN'?**
    - **Answer:** ISIN (International Securities Identification Number) is a unique identification number for a security.
- **Q14: Under rolling settlement... trades in rolling settlement are settled on T+2. What does T and +2 stand for?**
    - **Answer:** 'T' stands for the trade day. The '+2' signifies that the funds and securities

pay-in and pay-out are carried out on the 2nd working day after the trade is executed.

- **Q15: List the features of annual report.**
  - **Answer:** The annual report shows assets, liabilities, revenues, expenses and earnings. It shows how the company stood at the close of the business year, how it fared profit-wise during the year, as well as other information of interest to shareholders.
- **Q16: Calculate the Inventory Turnover Ratio... (Net sales ₹2,00,000; Net Profit ₹50,000; Opening Stock ₹1,00,000; Closing Stock ₹50,000).**
  - **Answer:** * Formula: Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory.
    - Cost of Goods Sold (COGS) = Net Sales - Gross Profit.
    - *(Note: The question paper erroneously provides "Net Profit" instead of "Gross Profit". Assuming Net Profit = Gross Profit for the sake of calculation)*: COGS = 2,00,000 - 50,000 = 1,50,000.
    - Average Inventory = (1,00,000 + 50,000) / 2 = 75,000.
    - Ratio = 1,50,000 / 75,000 = **2 times**.
- **Q17: Explain the following: (a) Floor Price (b) Price Band and who decides this price band.**
  - **Answer:** * **(a) Floor Price:** Floor price is the minimum price at which bids can be made.
    - **(b) Price Band:** The prospectus may contain a price band within which the investors can bid. It is up to the company to decide on the price or the price band, in consultation with Merchant Bankers.
- **Q18: (a) What do you mean by 'Ask Price' and 'Bid Price'? (b) Identify the best Bid order... (c) Identify the best Sell order...**
  - **Answer:** * **(a)** The 'Bid' is the buyer's price (rate at which there is a ready buyer). The 'Ask' (or offer) is the rate/price at which there is a seller ready to sell his stock.
    - **(b)** The best Buy (Bid) order is the order with the highest price: 1000 Qty @ ₹ 50.25.
    - **(c)** The best Sell (Ask) order is the order with the lowest sell price: 2000 Qty @ ₹ 50.35.
- **Q19: Distinguish between 'open-end fund' and 'close-end fund'.**
  - **Answer:** * **Open-ended Funds:** Do not have a fixed date of redemption. Generally open for subscription and redemption throughout the year.
    - **Close-ended Funds:** Open initially for entry during the IPO and thereafter closed for entry as well as exit. Have a fixed date of redemption.
- **Q20: Give the meaning of corporate actions. State the different types of corporate actions.**
  - **Answer:** A corporate action is a process initiated by a company that will bring actual change to its securities either in terms of number of shares increasing in the hands of the shareholders or a change to the face value of the security. Types include: dividends, stock splits, rights issues, bonus issues.
- **Q21: Explain corporate analysis and financial analysis.**
  - **Answer:** * **Corporate Analysis:** Seeking information on a company's current

operations, managerial capabilities, growth plans, and its past performance vis-a-vis its competitors.
    - **Financial Analysis:** Evaluating the financial performance of the company and certain key financial parameters like Earnings Per Share (EPS), P/E ratio, current size of equity etc. for arriving at the estimated future price.

Year: 2025

Objective Type Questions (1 Mark)

- **Q2 (i):** The next year you earn interest on both your original capital and interest from the first year... This concept is known as:
    - **Answer:** (B) The concept of Compounding.
- **Q2 (ii):** Which of the following is not a security?
    - **Answer:** (D) Fixed Deposit Receipts.
- **Q2 (iii):** _____ is a mechanism, where... bids are collected from investors at various prices...
    - **Answer:** (C) Book Building.
- **Q2 (iv):** Companies whose potential for growth in sales and earnings are excellent... are called:
    - **Answer:** (C) Growth Stock.
- **Q2 (v):** A farmer agrees to sell his produce of wheat to a Miller, 6 months later... Identify the type of contract.
    - **Answer:** Forward Contract.
- **Q2 (vi):** Investment decisions in a mutual fund are made by fund managers who have the expertise... Identify the advantage:
    - **Answer:** (D) Professional Management.
- **Q3 (i):** Which of the following is a long-term investment option?
    - **Answer:** (D) Post Office monthly income scheme.
- **Q3 (ii):** It is entrusted with responsibility of regulating and developing the securities market... Who is this market participant and what is the name of this entity?
    - **Answer:** Regulator, Securities and Exchange Board of India (SEBI).
- **Q3 (iii):** Which of the following is not an advantage of Book Building through NSE?
    - **Answer:** (D) The system increases the time taken for completion of the issue process.
- **Q3 (iv):** _____ is a percentage of the face value of a share that a company returns to its shareholders from its annual profit.
    - **Answer:** (A) Dividends.
- **Q3 (v):** Commodity derivatives market trade contracts for which the underlying asset is...
    - **Answer:** (D) Commodity.
- **Q3 (vi):** Which of the following is the formula of Debt-Equity?
    - **Answer:** (A) Total Debt / Total Equity.
- **Q4 (i):** When we borrow money, we are expected to pay for using it this is known as:
    - **Answer:** Interest.
- **Q4 (ii):** The actual discovered issue price can be any price in the price band or any price

above the floor price. This issue price is referred to:
    - **Answer:** (C) Cut-off Price.
- **Q4 (iii):** "Portfolio Management Services" could be offered only by intermediaries having specific approval of _____ for PMS.
    - **Answer:** (A) SEBI.
- **Q4 (iv):** Which of the following provides dematerialization of securities?
    - **Answer:** (B) National Securities Depository Limited (NSDL).
- **Q4 (v):** What is a record date?
    - **Answer:** A date announced in advance by a company to determine exactly who the shareholders are on a given date to accrue benefits like dividends, bonus, or rights issues.
- **Q4 (vi):** Assertion (A): Equity shareholders are supposed to be the owners of the company. Reason (R): Equity shareholders have a right to vote...
    - **Answer:** (A) Both (A) and (R) are true and (R) is the correct explanation of (A).
- **Q5 (i):** It is like a bank wherein the securities are deposited in electronic form:
    - **Answer:** (B) Depository.
- **Q5 (ii):** The draft offer Document is available on the SEBI website for public comments for a period of _____
    - **Answer:** (B) 21 Days.
- **Q5 (iii):** Secondary market comprises of _____ and the _____
    - **Answer:** (A) Equity market, Debt markets.
- **Q5 (iv):** It keeps the client informed of corporate actions taken or to be taken...
    - **Answer:** (D) Custodian.
- **Q5 (v):** Statement-I: On account of non-delivery of securities... the securities are put up for auction. Statement-II: The exchange purchases the requisite quantity...
    - **Answer:** (D) Both Statement-I and Statement-II are true.
- **Q5 (vi):** _____ is the sum of present values of all the cash inflows of this annuity.
    - **Answer:** (C) The present value of annuity.

Subjective Type Questions (2-4 Marks)

- **Q11: Explain why do companies require to issue shares to the public?**
    - **Answer:** The promoters' capital and the borrowings from banks and financial institutions may not be sufficient for setting up or running the business over a long term. So companies invite the public to contribute towards the equity and issue shares to individual investors.
- **Q12: What does maturity of a 'Bond' refer to?**

    - **Answer:** Maturity of a bond refers to the date on which the bond matures, which is the date on which the borrower has agreed to repay the principal.

- **Q13: Who can be depository participants? Mention two depositories in India.**

    - **Answer:** According to SEBI regulations, three categories of entities, i.e. Banks,

Financial Institutions, and SEBI registered trading members can become DPs. The two depositories in India are National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

- **Q14: Define 'Nifty'.**
  - **Answer:** CNX Nifty (Nifty), is a scientifically developed, 50 stock index, reflecting accurately the market movement of the Indian markets. It comprises of some of the largest and most liquid stocks traded on the NSE.
- **Q15: List two 'applications of funds' and two sources of funds.**
  - **Answer: * Applications of Funds (any two):** Fixed Assets, Investments, Current Assets (Loans and advances).
    - **Sources of Funds (any two):** Shareholders' Funds (Share Capital, Reserves & surplus), Loan Funds (Secured loans, Unsecured loans).
- **Q16: What do mean by Current Ratio? Also write the formula of Current Ratio.**
  - **Answer:** The current ratio measures the ability of the firm to meet its current liabilities from the current assets. Formula: Current Ratio = Current Assets / Current Liabilities.
- **Q17: What are foreign currency convertible bonds, Global Depository Receipts (GDRs) and American Depository Receipts?**
  - **Answer: * Foreign currency convertible bonds:** Commonly known as 'Euro' issues. A convertible bond gives the investor the option to convert the bond into equity at a fixed conversion price.
    - **American Depositary Receipt (ADR):** A physical certificate evidencing ownership of American Depositary Shares (ADSs). It is a U.S. dollar denominated form of equity ownership in a non-U.S. company.
    - **Global Depository Receipts (GDRs):** A global finance vehicle that allows an issuer to raise capital simultaneously in two or more markets through a global offering.
- **Q18: What do you mean by stock exchange? What are the roles of stock exchange in securities market?**
  - **Answer:** 'Stock Exchange' is defined as any body of individuals, whether incorporated or not, constituted for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities. Role: The stock exchanges in India provide a trading platform, where buyers and sellers can meet to transact in securities.
- **Q19: Explain the various types of risk in investing in mutual fund.**
  - **Answer: * Market risk:** If overall markets fall, the value of holdings in the fund's portfolio can drop.
    - **Non-market risk:** Bad news about an individual company can pull down its stock price, negatively affecting fund holdings.
    - **Interest rate risk:** When interest rates rise, bond prices fall, affecting the fund negatively.
    - **Credit risk:** The risk of the corporate defaulting on their interest and principal payment obligations.
- **Q20: Explain the following: (a) The function of clearing corporation (b) Types of return received by investor in equities**

    - **Answer: * (a) Function of clearing corporation:** It clears and settles all transactions, provides financial guarantee for all transactions executed on the exchange, and provides risk management functions.
        - **(b) Types of return received by investor in equities:** Returns come in two forms: a) growth in the value (market price) of the share and b) dividends.
- **Q21: Which of options you prefer to choose? Explain with the help of the time value of money concept. ((a) Receive ₹ 10,000 now or (b) Receive ₹ 10,000 after three years)**
    - **Answer:** You would rationally choose option (a), to receive Rs. 10,000 now. The time value of money demonstrates that it is better to have money now rather than later. By receiving Rs. 10,000 today, you can increase the future value of your money by investing and gaining interest over a period of time. If you receive it in three years, the future value would only be Rs. 10,000.

Year: 2024

Objective Type Questions (1 Mark)

- **Q2 (i):** Financial asset usually a debt instrument sold by companies/government...
    - **Answer:** (a) Bonds.
- **Q2 (ii):** Assertion (A): Securities are financial instruments... Reason (R): Primary function of securities markets is flow of capital...
    - **Answer:** (a) Both (A) and (R) are true and (R) is the correct explanation of (A).
- **Q2 (iii):** Book building is basically a process used in IPO for efficient:
    - **Answer:** Price discovery.
- **Q2 (iv):** NSE introduced a nationwide, fully-automated trading system...
    - **Answer:** (c) Screen Based Trading System (SBTS).
- **Q2 (v):** Contract to sell 500kg rice 2 months from now at an agreed price today...
    - **Answer:** Forward Contract.
- **Q2 (vi):** Funds investing primarily in equity shares of a particular business sector...
    - **Answer:** (c) Sector Fund.
- **Q3 (i):** ____ is an amount charged to the borrower for the privilege of using borrowed money.
    - **Answer:** Interest.
- **Q3 (ii):** Its regulatory jurisdiction extends over corporates...
    - **Answer:** (b) Securities Exchange Board of India (SEBI).
- **Q3 (iii):** A listed company makes either a fresh issue or offer for sale...
    - **Answer:** (d) Further Issue (FPO).
- **Q3 (iv):** What is a Bonus share?
    - **Answer:** Shares issued by the companies to their shareholders free of cost based on the number of shares the shareholder owns.
- **Q3 (v):** Define Commodity Exchange.
    - **Answer:** A Commodity Exchange is an association, or a company of any other body

corporate organizing futures trading in commodities.

- **Q3 (vi):** Which of the following is not a profitability ratio?
  - **Answer:** (c) Debt-Equity Ratio.
- **Q4 (i):** Platform where buyers and sellers come together to trade financial tools...
  - **Answer:** Stock Exchange.
- **Q4 (ii):** Main objective(s) of primary market:
  - **Answer:** (d) Both (a) To raise funds and (b) Issuance of New Securities.
- **Q4 (iii):** ____ are High Risk Investments.
  - **Answer:** Equities.
- **Q4 (iv):** Statement-1: Depository facilitates securities... Statement-2: Depository also holds funds.
  - **Answer:** (d) Statement-1 is true, but Statement-2 is false.
- **Q4 (v):** Splitting stock to bring share price to a more attractive level.
  - **Answer:** (d) Stock splits.
- **Q4 (vi):** Record showing sources of funds and assets:
  - **Answer:** (a) Balance Sheet.
- **Q5 (i):** The various products in which investments may be done... The non-financial products are also known as:
  - **Answer:** (c) Real Assets.
- **Q5 (ii):** The companies that issue their shares are called issuers and the process of issuing shares to public is known as:
  - **Answer:** Public Issue.
- **Q5 (iii):** Trading at the exchange offers investors:
  - **Answer:** (a) The best prices prevailing at time in the market.
- **Q5 (iv):** Assertion (A): The Depository has prescribed minimum balance. Reason (R): Investors can have zero balance in their demat account.
  - **Answer:** (d) (A) is false, but (R) is true.
- **Q5 (v):** In case one of parties to the dispute is not satisfied... concerned party may avail the:
  - **Answer:** (a) Arbitration.
- **Q5 (vi):** The retained profits accumulated over the years are called:
  - **Answer:** (c) Reserves and Surplus.

Subjective Type Questions (2-4 Marks)

- **Q11: Enumerate two roles of registrar related to public issues.**
  - **Answer:** The Registrar finalizes the list of eligible allottees after deleting the invalid applications and ensures that the corporate action for crediting of shares to the demat accounts of the applicants is done and the dispatch of refund orders to those applicable are sent.
- **Q12: Describe the two advantages of secondary market.**
  - **Answer:** * It provides liquidity and marketability to securities.
    - It enables price discovery.

        - It provides an efficient platform for the trading (easy buying and selling) of securities for the general investor.

- **Q13: (a) Define depository participants. (b) Who can be depository participants?**

    - **Answer:** (a) The Depository provides its services to investors through its agents called depository participants (DPs). (b) According to SEBI regulations, amongst others, three categories of entities, i.e. Banks, Financial Institutions and SEBI registered trading members can become DPs.
- **Q14: Explain any two of the following terms: (a) Ex-Date (b) Investor Protection Fund (c) Record Date.**
    - **Answer: * (a) Ex-Date:** The first day of the no-delivery period is the ex-date. If there are any corporate benefits such as rights, bonus, or dividend announced, the buyer of the shares on or after the ex-date will not be eligible for the benefits.
        - **(b) Investor Protection Fund:** Maintained by NSE to make good investor claims, which may arise out of non-settlement of obligations by the trading member, who has been declared a defaulter.
        - **(c) Record Date:** A date declared in advance by the company to determine exactly the shareholders whose names appear on the company's records to accrue benefits like dividends, bonus issues, and rights issues.
- **Q15: Calculate the value of deposit (Compound interest) of 5000 made today, 2 years hence if interest rate is 8%.**
    - **Answer:** C = P(1+i)^n. C = 5000 * (1 + 0.08)^2 = 5000 * 1.1664 = **Rs. 5832**.
- **Q16: What are quick (Acid) Assets? Write the formula of Acid-Test Ratio.**
    - **Answer:** Quick assets are defined as current assets excluding inventories and prepaid expenses. Acid-test Ratio = Quick Assets / Current Liabilities.
- **Q17: Explain the various types of issues of share.**
    - **Answer: * Initial Public Offering (IPO):** When an unlisted company makes either a fresh issue of securities or an offer for sale of its existing securities or both for the first time to the public.
        - **Further Public Offering (FPO):** When an already listed company makes either a fresh issue of securities to the public or an offer for sale to the public.
        - **Rights Issue:** When a listed company proposes to issue fresh securities to its existing shareholders as on a record date.
        - **Preferential issue:** An issue of shares or of convertible securities by listed companies to a select group of persons.
- **Q18: What is a debt instrument? Explain the features of debt instrument.**
    - **Answer:** Debt instrument represents a contract whereby one party lends money to another on pre-determined terms with regards to rate and periodicity of interest, and repayment of principal amount. The features are:
        - **Maturity:** The date on which the bond matures and the borrower repays the principal.

        - **Coupon:** The periodic interest payments made by the borrower to the lender.
        - **Principal:** The amount that has been borrowed, also called the par value or face value.
- **Q19: How dividend yield is calculated and find dividend yield with given information.**
    - **Answer:** Dividend yield is calculated by aggregating past year's dividend and dividing it by the current stock price. Calculation: 20 / 500 = 0.04 or **4%**.
- **Q20: Explain the following terms: (a) Net worth (b) Time value of Money (c) Corporate Analysis (d) Loan Fund.**
    - **Answer:** * **(a) Net worth:** Shareholders' Fund is the fund coming from the owners of the company.
        - **(b) Time value of Money:** The relationship between value of a rupee today and value of a rupee in future.
        - **(c) Corporate Analysis:** Seeking information on a company's current operations, managerial capabilities, growth plans, and past performance vis-a-vis its competitors.
        - **(d) Loan Fund:** The fund borrowed from outsiders.
- **Q21: (a) Mention assets in which mutual fund invests. (b) Describe any three benefits of investing in Mutual Fund.**
    - **Answer:** * **(a)** Mutual funds invest in a variety of different financial instruments or securities such as equity shares, Government securities, Bonds, debentures etc.
        - **(b)** Benefits: 1) **Small investments:** Helps reap the benefit of returns by a portfolio spread across a wide spectrum with small investments. 2) **Professional Fund Management:** Professionals having expertise and resources manage the pool of money. 3) **Spreading Risk:** Spreads risk by investing in a number of sound stocks or bonds.

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Objective Type Questions (1 Mark)

- **Q2 (i):** What is meant by 'Real rate of return'?
    - **Answer:** It is the return on an investment after inflation.
- **Q2 (ii):** Regulatory jurisdiction covers corporates in issuance of capital...
    - **Answer:** (b) SEBI.
- **Q2 (iii):** Minimum number of days for which a bid remains open during book building.
    - **Answer:** (a) Three days.
- **Q2 (iv):** Which of the following is not a credit rating agency in India?
    - **Answer:** (d) RBI.
- **Q2 (v):** Commodity derivatives market trade contracts for which the underlying asset is...
    - **Answer:** (d) Commodity.
- **Q2 (vi):** Expand the term 'ETF'.
    - **Answer:** Exchange Traded Fund.
- **Q3 (i):** ___ are specialised form of mutual funds that invest in extremely short-term fixed

income instruments.
    - **Answer:** (a) Liquid Funds.
- **Q3 (ii):** The market which deals in securities previously issued is called:
    - **Answer:** (c) Secondary Market.
- **Q3 (iii):** How can we find Market Capitalisation of a company?
    - **Answer:** By multiplying its current share price (market price) by the number of shares in issue.
- **Q3 (iv):** The trading system of NSE is called:
    - **Answer:** (b) NEAT.
- **Q3 (v):** A buyer of an option pays for the right to exercise his option. Identify the term.
    - **Answer:** Option Premium.
- **Q3 (vi):** What is the formula of P/E Ratio?
    - **Answer:** (a) Market price of a share / Earning per share.
- **Q4 (i):** Give two examples of financial assets.
    - **Answer:** Fixed deposits with banks, small saving instruments with post offices, shares, bonds, debentures, etc.
- **Q4 (ii):** It accompanies the application form of public issues.
    - **Answer:** (c) Prospectus.
- **Q4 (iii):** Owners of these kinds of shares are entitled to a fixed dividend regularly...
    - **Answer:** (a) Preference shares.
- **Q4 (iv):** What do you understand by 'Dematerialisation'?
    - **Answer:** Dematerialization is the process by which physical certificates of an investor are converted to an equivalent number of securities in electronic form and credited to the investor's account with his Depository Participant (DP).
- **Q4 (v):** Amit holds 400 shares. Company implements a stock split of 4 for 1. How many shares will he hold?
    - **Answer:** (b) 1600.
- **Q4 (vi):** Evaluation of financial performance and key parameters to arrive at estimated future price is known as:
    - **Answer:** (c) Financial Analysis.
- **Q5 (i):** "It is often the first banking product people use, which offers low interest."
    - **Answer:** (d) Saving Bank Account.
- **Q5 (ii):** What do you understand by 'Global Depository Receipts'?
    - **Answer:** Global Depository Receipts (GDRs) may be defined as a global finance vehicle that allows an issuer to raise capital simultaneously in two or markets through a global offering.
- **Q5 (iii):** A bond giving investor the option to convert the bond into equity at a fixed conversion price is called:
    - **Answer:** (a) Convertible Bond.
- **Q5 (iv):** Hold the fund in _____ account.
    - **Answer:** (a) Bank.
- **Q5 (v):** Mention two examples of 'Corporate Actions'.
    - **Answer:** Dividends, stock splits, rights issues, bonus issues.

- **Q5 (vi):** A part of the profit is retained by the company for meeting fund requirements in future.
    - **Answer:** (c) Reserves and Surplus.

Subjective Type Questions (2-4 Marks)

- **Q11: What does 'Listing agreement' mean?**
    - **Answer:** At the time of listing securities of a company on a stock exchange, the company is required to enter into a listing agreement with the exchange. The listing agreement specifies the terms and conditions of listing and the disclosures that shall be made by a company on a continuous basis to the exchange.
- **Q12: What are the benefits of investing in equities or shares? (any two)**
    - **Answer:** Benefits of investing in equities include:
        - **Capital appreciation:** Equities have the potential to increase in value over time.
        - **Dividend income:** Receiving a percentage of the face value of a share that a company returns to its shareholders from its annual profits.
        - **Ownership and voting rights:** The holders of such shares are members of the company and have voting rights.
- **Q13: Describe the process of dematerializing of shares.**
    - **Answer:** In order to dematerialise physical securities one has to fill in a Demat Request Form (DRF) which is available with the DP and submit the same along with physical certificates one wishes to dematerialise. Separate DRF has to be filled for each ISIN number.
- **Q14: What does Industry Analysis mean?**
    - **Answer:** It is very important to see how the industry to which the company belongs is faring. Specifics like effect of Government policy, future demand of its products etc. need to be checked. Investment analysts call this as Industry Analysis.
- **Q15: Define the following terms: (a) Record Date (b) Pay-out**
    - **Answer: * (a) Record Date:** A date declared in advance by the company to determine exactly the shareholders whose names appear on the company's records to accrue benefits like dividends, bonus issues, and rights issues.
        - **(b) Pay-out:** Pay-out day is the day the securities purchased are delivered to the buyers and the funds for the securities sold are given to the sellers by the exchange.
- **Q16: Explain the Debt-Asset Ratio.**
    - **Answer:** Debt-Asset Ratio = Total Debt / Total Assets. Total debt comprises of long term debt plus current liabilities. The total assets comprise of permanent capital plus current liabilities. It is a leverage ratio used to judge the long-term solvency of a firm.
- **Q17: Explain the role of merchant banker in an issue / Does SEBI play role in fixation of price / Mention two types of issues / Who decides the final prices.**
    - **Answer: * (a)** Generally, the public issues of companies are handled by 'Merchant Bankers' who are responsible for getting the project appraised, finalizing the cost of

the project, profitability estimates and for preparing the 'Prospectus'.
    - **(b)** SEBI does not play any role in price fixation.
    - **(c)** Two types of issues: fixed price and price discovery through book building process.
    - **(d)** It is up to the company to decide on the price or the price band, in consultation with Merchant Bankers.
- **Q18: Explain information required to be mentioned on the contract note issued by the stock broker.**
    - **Answer:** The contract note inter-alia should have: Name, address and SEBI Registration number of the Member broker. Name of Partner/Proprietor/Authorised Signatory. Contract number, date of issue of contract note, settlement number and time period for settlement. Constituent (Client) name/Code Number. Order number and order time corresponding to the trades. Trade number and Trade time. Quantity and kind of security bought/sold by the client. Brokerage and Purchase/Sale rate.
- **Q19: Define the following terms: (a) Active fund Management (b) Index Fund (c) Value Investment Strategy (d) Net Asset Value.**
    - **Answer: * (a) Active fund Management:** When investment decisions of the fund are at the discretion of a fund manager(s) and he or she decides which company, instrument or class of assets the fund should invest in.
        - **(b) Index Fund:** These funds invest in the same pattern as popular market indices like S&P CNX Nifty. Money is invested only in the stocks which represent the index.
        - **(c) Value Investment Strategy:** A Value Manager looks to buy companies that they believe are currently undervalued in the market, but whose worth they estimate will be recognized in the market valuations eventually.
        - **(d) Net Asset Value:** NAV or Net Asset Value of the fund is the cumulative market value of the assets of the fund net of its liabilities.
- **Q20: Define the clearing corporation and explain the role of clearing corporation.**
    - **Answer:** A Clearing Corporation is a part of an exchange or a separate entity. It performs three functions: it clears and settles all transactions (completes the process of receiving and delivering shares/funds to buyers and sellers), it provides financial guarantee for all transactions executed on the exchange, and it provides risk management functions.
- **Q21: Differentiate between equity shareholders and preference shareholders.**
    - **Answer:** Equity Shareholders are supposed to be the owners of the company, who therefore have right to get dividend, as declared, and a right to vote in the Annual General Meeting for passing any resolution. A preference share enjoys preferential right as to payment of dividend at a fixed rate and the return of capital on winding up of the Company. Preference shares cannot be traded, unlike equity shares, and are redeemed after a pre-decided period. Also, Preferential Shareholders do not have voting rights.

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Objective Type Questions (1 Mark)

- **Q7:** By what designation are the agents of a Depository known?
  - **Answer:** Depository Participants (DPs).
- **Q8:** Name the regulatory body for Mutual Funds.
  - **Answer:** Securities Exchange Board of India (SEBI).
- **Q9:** By what name is the corporate action which splits existing shares into smaller denominations called?
  - **Answer:** Stock Split.
- **Q10:** What do you mean by 'Time value of Money'?
  - **Answer:** It is the relationship between the value of a rupee today and the value of a rupee in the future. It demonstrates that an amount invested today has more value than the same amount invested at a later date because it can utilize the power of compounding.
- **Q11:** Write the formula of Stock Turnover Ratio (Inventory Turnover Ratio).
  - **Answer:** Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory.
- **Q12:** Long term solvency of a firm can be judged by using which ratios?
  - **Answer:** Leverage or capital structure ratios (like Debt-Equity Ratio and Debt-Asset Ratio).

Subjective Type Questions (2-4 Marks)

- **Q13: Describe any two benefits of a dematerialized (Demat) account.**
  - **Answer:** 1) Immediate transfer of securities. 2) No stamp duty on transfer of securities.
- **Q14: What is meant by 'Gilt Funds'?**
  - **Answer:** These are funds that invest in Central and State Government securities. They give a secured return and also ensure safety of the principal amount.
- **Q15: Explain any two functions of a clearing corporation.**
  - **Answer:** 1) It clears and settles all transactions (completes the process of receiving and delivering shares/funds). 2) It provides financial guarantee for all transactions executed on the exchange.
- **Q16: What is meant by conversion period?**
  - **Answer:** Conversion period refers to how often the interest is calculated over the term of the loan or investment. It is the frequency at which interest is compounded, such as semi-annually (twice a year) or quarterly.
- **Q17: What do you mean by 'Reserves and Surplus'?**
  - **Answer:** It represents the retained profits accumulated over the years. It is the part of the profit retained by the company for meeting fund requirements in future, after distributing dividends.
- **Q18: Calculate Gross Profit Ratio (Sales = ₹1,00,000; Gross Profit = ₹30,000).**
  - **Answer:** Formula: (Gross Profit / Net Sales) * 100. Calculation: (30,000 / 1,00,000) *

100 = **30%**.

- **Q20: Describe stock split.**
  - **Answer:** A stock split is a corporate action which splits the existing shares of a particular face value into smaller denominations so that the number of shares increase. However, the market capitalization or the value of shares held by the investors post split remains the same as that before the split.
- **Q21: Describe an annual report and its features.**
  - **Answer:** An annual report is a formal financial statement issued yearly by a corporate. It shows assets, liabilities, revenues, expenses and earnings. Key features to review include: Director's Report, Auditors' Report, Profit and Loss Account, Balance Sheet, and Notes to accounts attached to the Balance Sheet.